

FRANCHISE DISCLOSURE DOCUMENT



Macrotech (USA) Franchising Corporation, a California corporation
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Foster City, CA 94404
Phone (973) 454-2146 Website www.macrotech.net

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Department of
Business Oversight

As a franchisee, you will operate a business offering information technology services such as wired and wireless network setup and support, security, phone systems, digital signage solutions, and related technical support under the name Macrotech®

The total investment necessary to begin operation of a Macrotech® business is between \$95,050 and \$117,400 This includes between \$54,500 and \$58,000 that must be paid to the franchisor or affiliate The total investment necessary to begin operation of a Macrotech® Multi-Unit business will be a minimum of \$155,050 that must be paid to the franchisor, of which a minimum of \$64,500 must be paid to the franchisor For each subsequent business, you must pay \$10,000 of the initial franchise fee when you sign the Multi-Unit Franchise Agreement

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English Read this disclosure document and all accompanying agreements carefully You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale **Note, however, that no government agency has verified the information contained in this document**

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Dipak Patel at Macrotech (USA) Franchising Corporation, 951 Mariners Island Blvd, Ste 300, Foster City, CA 94404, phone (973) 454-2146 or email dipak.patel@macrotech.net

The terms of your contract will govern your franchise relationship Don't rely on the disclosure document alone to understand your contract Read all of your contract carefully Show your contract and this disclosure document to an advisor, like a lawyer or an accountant

Buying a franchise is a complex investment The information in this disclosure document can help you make up your mind More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580 You can also visit the FTC's home page at www.ftc.gov for additional information Call your state agency or visit your public library for other sources of information on franchising

There may also be laws on franchising in your state Ask your state agencies about them

ISSUANCE DATE March 23, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. **REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT**

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following **RISK FACTORS** before you buy this franchise

- 1 **THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION, MEDIATION, OR LITIGATION ONLY IN SAN MATEO COUNTY, CALIFORNIA. OUT-OF-STATE ARBITRATION, MEDIATION, OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE, MEDIATE, OR LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.**
- 2 **THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
- 3 **NEITHER MEDIATION NOR ARBITRATION WILL BE USED FOR ANY DISPUTE WHICH INVOLVED A FRANCHISEE'S CONTINUED USAGE OF ANY OF THE MARKS OR ANY ISSUE INVOLVING INJUNCTIVE RELIEF AGAINST FRANCHISEE. ALL OF THESE ISSUES WILL BE SUBMITTED INITIALLY TO A COURT IN SAN MATEO COUNTY, CALIFORNIA. THE PARTIES CONSENT TO PERSONAL JURISDICTION IN CALIFORNIA OVER ANY SUCH ISSUES NOT SUBJECT TO MEDIATION OR ARBITRATION.**
- 4 **YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE BUSINESS. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.**
- 5 **THE FRANCHISOR HAS BEEN OFFERING FRANCHISES FOR A SHORT PERIOD OF TIME. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.**
- 6 **YOU ARE REQUIRED TO PAY A MINIMUM FRANCHISE ROYALTY FEE OF \$500 PER WEEK AFTER THE SECOND MONTH THAT YOU OPERATE YOUR FRANCHISE, REGARDLESS OF WHETHER YOU ACHIEVE ANY EARNINGS. FAILURE TO MAKE THE**

PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND/OR LOSS OF YOUR TERRITORIAL PROTECTION

- 7 YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL**
- 8 IF YOU ARE A CORPORATION, PARTNERSHIP OR A LIMITED LIABILITY COMPANY, ALL OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK**
- 9 FRANCHISOR HAS THE RIGHT TO TERMINATE THE FRANCHISE AGREEMENT WITHOUT ANY REFUND IF FRANCHISOR AND FRANCHISEE CANNOT REASONABLY AGREE ON A SITE WITHIN 6 MONTHS OF THE EFFECTIVE DATE OF THE AGREEMENT FRANCHISOR HAS THE RIGHT TO TERMINATE THE FRANCHISE AGREEMENT WITHOUT ANY REFUND IF FRANCHISEE FAILS TO OPEN THE BUSINESS WITHIN 120 DAYS AFTER SIGNING THE FRANCHISE AGREEMENT**
- 10 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE**

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you We pay this person a fee for selling our franchise or referring you to us You should be sure to do your own investigation of the franchise

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